

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
NORTH HOPKINS WATER DISTRICT)	2017-00337

ORDER

On August 21, 2017, North Hopkins Water District (“North Hopkins”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2016 Annual Report North Hopkins reported a water loss of 4.4757 percent.² North Hopkins’s application provides updated purchases and sales information for a more current period than the 2016 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes, a utility’s unaccounted-for water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2016 Annual Report,³ North Hopkins’s unaccounted-for water loss is determined to be 21.0219 percent for the updated period.⁴

¹ KRS 278.015; 807 KAR 5:068.

² 2016 Annual Report at 56, line 33.

³ 2016 Annual Report, line 21, divided by line 4, (8,758 divided by 91,427) equals 9.58 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	99,224,000
Less Total Sales (application PWA Form 1 at 2)	68,860,351
Less plant use (% determined from 2016 AR)	<u>9,504,892</u>
Water loss - gallons	20,858,757
Water loss - percent	21.0219

Reduction of North Hopkins's unaccounted-for water loss to 15 percent would result in an approximate \$26,231⁵ decrease to purchased water expense. Potentially, North Hopkins is paying \$0.38 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent⁶ threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages North Hopkins to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by North Hopkins to make significant process towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. North Hopkins purchases water from the city of Madisonville ("Madisonville").
2. Madisonville's wholesale rate to North Hopkins increased from \$4.13 per 1,000 gallons to \$4.39 per 1,000 gallons effective August 9, 2017.⁷ North Hopkins proposed to increase the water rates to its customers effective August 9, 2017, to reflect the increased cost of purchased water from Madisonville.

⁵ Water loss above 15 percent=6.0219 %, Potential purchased water expense reduction (water cost at new wholesale rate times water loss above 15 percent) = \$26,231

⁶ Potential purchased water expense reduction divided by sales (\$26,231/(68,860,351/1,000) equals \$0.38/1,000.

⁷ Case No. 2017-00133, *Electronic Proposed Adjustment of the Wholesale Water Service Rates of Madisonville Water Distribution* (Ky. PSC Aug. 9, 2017).

3. North Hopkins proposes a purchased water adjustment factor of \$0.37 per 1,000 gallons.

4. During the 12 months ended June 30, 2017, North Hopkins purchased 99,224,000 gallons of water from Madisonville. During the same period, North Hopkins sold 68,860,351 gallons of water. The increase in the cost of purchased water is \$25,798.24, resulting in a purchased water adjustment factor of \$0.37 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.37 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved as requested by North Hopkins.

6. North Hopkins's proposed rates, as set forth in Appendix B to this Order, are fair, just and reasonable and should be approved for water service rendered by North Hopkins on and after August 9, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.37 per 1,000 gallons is approved.

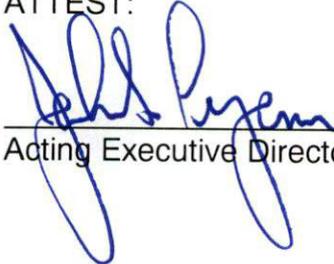
2. The rates as set forth in Appendix B to this Order are approved for water service rendered by North Hopkins on and after August 9, 2017.

3. Within 20 days of the date of this Order, North Hopkins shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission

ENTERED
SEP 14 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Acting Executive Director

Case No. 2017-00337

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00337 DATED **SEP 14 2017**

	New Rate	Base Rate
North Hopkins Madisonville		
Purchases in gallons	99,224,000	99,224,000
	<u>\$ 4.39/1,000</u>	<u>\$ 4.13/1,000</u>
Total	\$435,593.36	\$409,795.12
Increased water cost		\$ 25,798.24
Increased water cost		\$ 25,798.24
Divided by gallons sold/1,000		<u>68,860,351</u>
Purchased water adjustment factor		\$ 0.03746 per 1,000 gallons
		or \$ 0.37 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2017-00337 DATED **SEP 14 2017**

The following rates and charges are prescribed for the customers in the area served by North Hopkins Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8-Inch Meter

First	2,000 Gallons	\$ 25.12 Minimum Bill
Next	2,000 Gallons	12.26 per 1,000 Gallons
Next	3,000 Gallons	9.91 per 1,000 Gallons
Next	3,000 Gallons	8.76 per 1,000 Gallons
Over	10,000 Gallons	6.96 per 1,000 Gallons

3/4-Inch Meter

First	3,000 Gallons	\$ 37.38 Minimum Bill
Next	1,000 Gallons	12.26 per 1,000 Gallons
Next	3,000 Gallons	9.91 per 1,000 Gallons
Next	3,000 Gallons	8.76 per 1,000 Gallons
Over	10,000 Gallons	6.96 per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$ 59.55 Minimum Bill
Next	2,000 Gallons	9.91 per 1,000 Gallons
Next	3,000 Gallons	8.76 per 1,000 Gallons
Over	10,000 Gallons	6.96 per 1,000 Gallons

1 1/2-Inch Meter

First	10,000 Gallons	\$ 105.65 Minimum Bill
Over	10,000 Gallons	6.96 per 1,000 Gallons

2-Inch Meter

First	15,000 Gallons	\$ 140.45 Minimum Bill
Over	15,000 Gallons	6.96 per 1,000 Gallons

3-Inch Meter

First	30,000 Gallons	\$244.85 Minimum Bill
Over	30,000 Gallons	6.96 per 1,000 Gallons

*North Hopkins Water District
2915 Anton Road
Madisonville, KY 42431

*Norman D Adams
North Hopkins Water District
316 Liberty Church Loop
Madisonville, KY 42431